

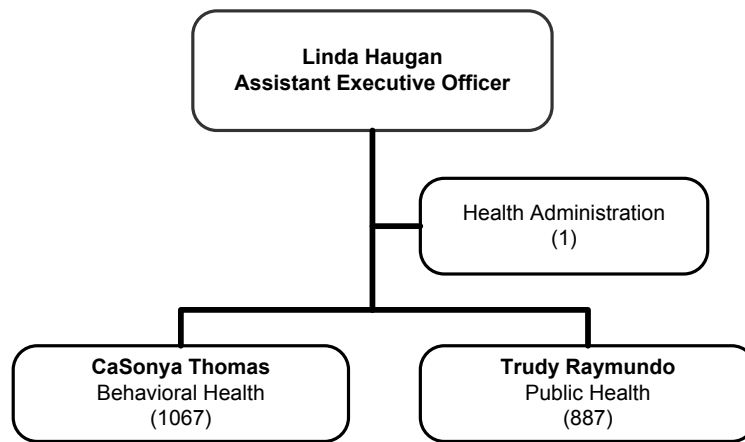
HEALTH ADMINISTRATION

DEPARTMENT MISSION STATEMENT

Health Administration develops and coordinates budgets, policies, and procedures for the County's health care departments in accordance with the strategic goals adopted by the Board of Supervisors, the County Charter, and the general laws.



ORGANIZATIONAL CHART



SUMMARY OF BUDGET UNITS

2014-15					
	Requirements	Sources	Net County Cost	Fund Balance	Net Budget
General Fund					
Health Administration	120,730,613	105,730,613	15,000,000		1
Total General Fund	120,730,613	105,730,613	15,000,000		1
Special Revenue Fund					
Master Settlement Agreement	38,732,453	17,508,893		21,223,560	0
Total Special Revenue Fund	38,732,453	17,508,893		21,223,560	0
Total - All Funds	159,463,066	123,239,506	15,000,000	21,223,560	0

5-YEAR REQUIREMENTS TREND

	2010-11	2011-12	2012-13	2013-14	2014-15
Health Administration	52,070,117	43,427,735	102,560,645	150,585,267	120,730,613
Master Settlement Agreement	22,852,028	23,877,171	27,207,376	38,858,857	38,732,453
Total	74,922,145	67,304,906	129,768,021	189,444,124	159,463,066

5-YEAR SOURCES TREND

	2010-11	2011-12	2012-13	2013-14	2014-15
Health Administration	37,070,117	28,424,005	87,560,645	135,584,459	105,730,613
Master Settlement Agreement	17,812,891	18,025,144	17,075,000	18,404,020	17,508,893
Total	54,883,008	46,449,149	104,635,645	153,988,479	123,239,506

5-YEAR NET COUNTY COST TREND

	2010-11	2011-12	2012-13	2013-14	2014-15
Health Administration	15,000,000	15,003,730	15,000,000	15,000,808	15,000,000
Total	15,000,000	15,003,730	15,000,000	15,000,808	15,000,000

5-YEAR FUND BALANCE TREND

	2010-11	2011-12	2012-13	2013-14	2014-15
Master Settlement Agreement	5,039,137	5,852,027	10,132,376	20,454,837	21,223,560
Total	5,039,137	5,852,027	10,132,376	20,454,837	21,223,560



Health Administration

DESCRIPTION OF MAJOR SERVICES

The role of the Health Administration budget unit is to seek and support opportunities to foster collaboration among the Department of Public Health (PH), Department of Behavioral Health (BH), and the Arrowhead Regional Medical Center (ARMC). Health Administration provides regular fiscal and policy analysis relating to the operations of these departments. Additionally, Health Administration manages the \$120.7 million Health Administration budget unit, which includes funding and related transactions for the County's contribution for ARMC debt service payments, health related maintenance of effort costs, and transfers required to obtain federal health care funding.

Budget at a Glance

Requirements Less Reimbursements*	\$120,730,613
Sources/Reimbursements	\$105,730,613
Net County Cost	\$15,000,000
Total Staff	1
Funded by Net County Cost	12%
*Includes Contingencies	

Intergovernmental Transfers

This budget unit includes Intergovernmental Transfers (IGT) to the state for Disproportionate Share Hospital (DSH) Supplemental Payments, Medi-Cal managed care, and Delivery System Reform Incentive Payments (DSRIP). These IGT's are used to send the non-federal share of DSH, Medi-Cal managed care, and DSRIP payments to the state in order to receive matching contributions. The initial investment is returned to this budget unit.

DSH supplemental payments are provided by the state to qualifying hospitals that serve a Medi-Cal and uninsured individuals to provide for uncompensated costs of care. Medi-Cal managed care payments provide for maximum reimbursement under the allowable rate range. DSRIP funding is strictly tied to results and meeting transformation milestones. These payments are reflected as a matching contribution to the state, with a return of the initial investment to this budget unit.

Realignment and General Fund Support

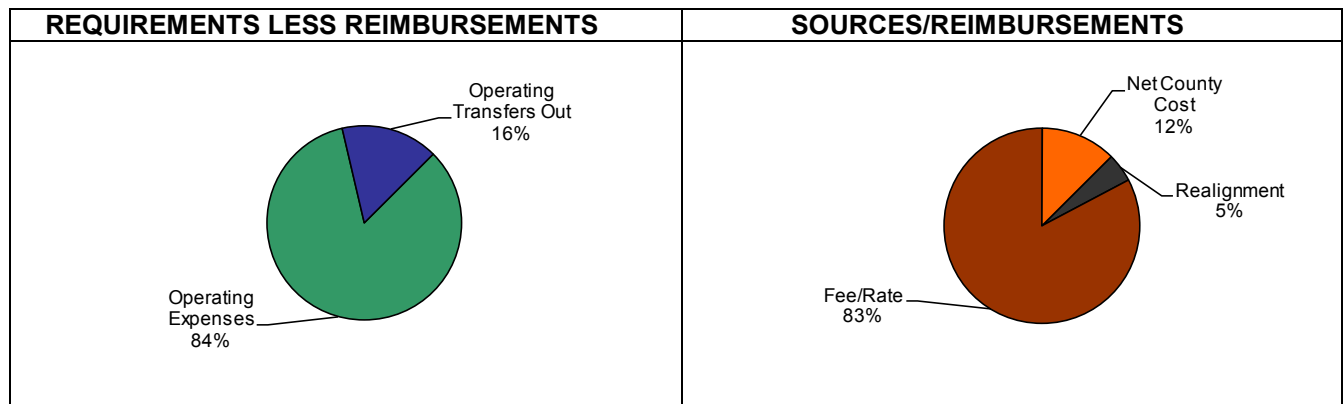
General fund support and realignment funds are used to pay for the ARMC debt service lease payments of \$15.0 million, Realignment AB 8 match of \$4.3 million, and administrative costs related to this budget unit. To qualify for receipt of Health Realignment funding from the state, the County must contribute a 'match' of local funds. The County's match is \$4.3 million, which is based on a formula established through AB 8 in 1979. This amount has remained constant throughout the years.

Realignment funds support administrative costs in this budget unit as follows:

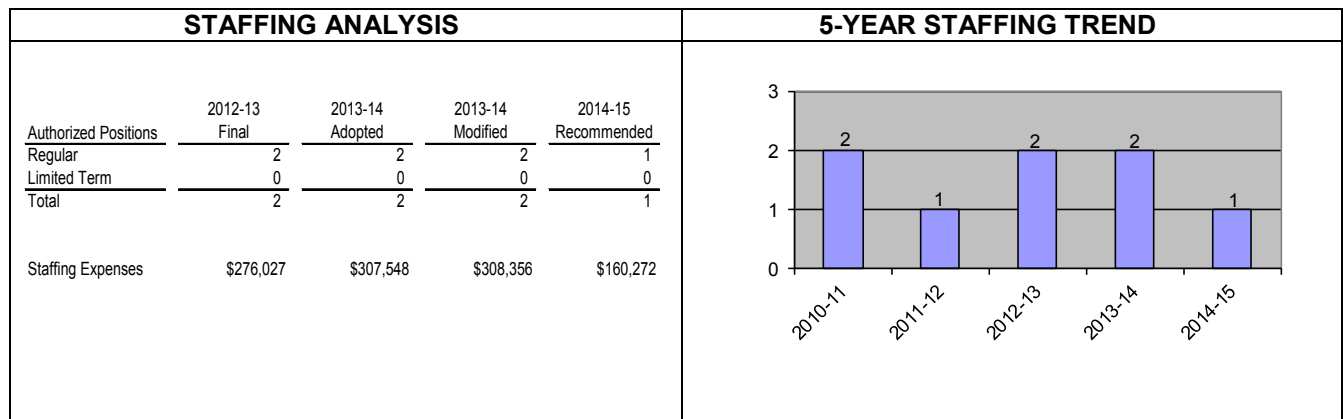
- Mental Health at 9.95%;
- Social Services at 2.76%;
- Health at 87.29% (which also covers debt service payments).



2014-15 RECOMMENDED BUDGET



BUDGETED STAFFING



ANALYSIS OF 2014-15 RECOMMENDED BUDGET

GROUP: Human Services
DEPARTMENT: Health Administration
FUND: General

BUDGET UNIT: AAA HCC
FUNCTION: Health and Sanitation
ACTIVITY: Hospital Care

	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Estimate	2013-14 Modified Budget	2014-15 Recommended Budget	Change From 2013-14 Modified Budget
Requirements							
Staffing Expenses	230,227	176,247	320,215	308,356	308,356	160,272	(148,084)
Operating Expenses	32,029,606	23,988,795	67,065,145	148,777,090	130,960,232	101,081,987	(29,878,245)
Capital Expenditures	0	0	0	0	0	0	0
Contingencies	0	0	0	0	0	0	0
Total Exp Authority	32,259,833	24,165,042	67,385,360	149,085,446	131,268,588	101,242,259	(30,026,329)
Reimbursements	0	(39,979)	0	0	0	0	0
Total Appropriation	32,259,833	24,125,063	67,385,360	149,085,446	131,268,588	101,242,259	(30,026,329)
Operating Transfers Out	19,805,002	19,023,328	18,302,938	19,316,679	19,316,679	19,488,354	171,675
Total Requirements	52,064,835	43,148,391	85,688,298	168,402,125	150,585,267	120,730,613	(29,854,654)
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	5,825,299	4,873,403	7,826,732	5,402,123	5,584,459	5,730,613	146,154
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	31,244,819	23,277,623	62,861,566	148,000,000	130,000,000	100,000,000	(30,000,000)
Other Revenue	0	0	0	0	0	0	0
Total Revenue	37,070,118	28,151,026	70,688,298	153,402,123	135,584,459	105,730,613	(29,853,846)
Operating Transfers In	0	0	0	0	0	0	0
Total Financing Sources	37,070,118	28,151,026	70,688,298	153,402,123	135,584,459	105,730,613	(29,853,846)
Net County Cost	14,994,717	14,997,365	15,000,000	15,000,002	15,000,808	15,000,000	(808)
Budgeted Staffing					2	1	(1)

MAJOR EXPENDITURES AND REVENUE IN 2014-15 RECOMMENDED BUDGET

Major expenditures in this budget unit include intergovernmental transfers for Disproportionate Share Hospital (DSH), Delivery System Reform Incentive Payments (DSRIP), and Medi-Cal managed care programs to cover the required local match and debt service lease payments for ARMC. The major revenue source is the matching funds received from the state.

BUDGET CHANGES AND OPERATIONAL IMPACT

Requirements are decreasing by \$29.9 million due to decreased intergovernmental transfers required for DSH, DSRIP, and Medi-Cal managed care programs. Sources are decreased by \$29.9 million due to a reduction in matching funds for these programs directly related to requirements.

STAFFING CHANGES AND OPERATIONAL IMPACT

Staffing expenses of \$160,272 fund 1 budgeted regular position. One Administrative Analyst III position was moved to the Finance and Administration budget unit in 2014-15. Overall requirements related to staffing will remain consistent as costs for support from Finance and Administration staff will be funded through operating transfers out.



2014-15 POSITION SUMMARY

Division	Regular	Limited Term	Total	Filled	Vacant	New	Total
Administrative Analyst III	1	0	1	1	0	0	1
Total	1	0	1	1	0	0	1

Health Administration	
<u>Classification</u>	
1	Administrative Analyst III
1	Total

Master Settlement Agreement

DESCRIPTION OF MAJOR SERVICES

This budget unit accounts for proceeds received from the tobacco lawsuit Master Settlement Agreement (MSA). In late 1998, a settlement was reached in a lawsuit filed by states against the tobacco industry. In California, the proceeds of the settlement are divided equally between the state and local governments who partnered in the lawsuit. Payments to local governments are based on a formula involving total tobacco sales and each local entity's population.

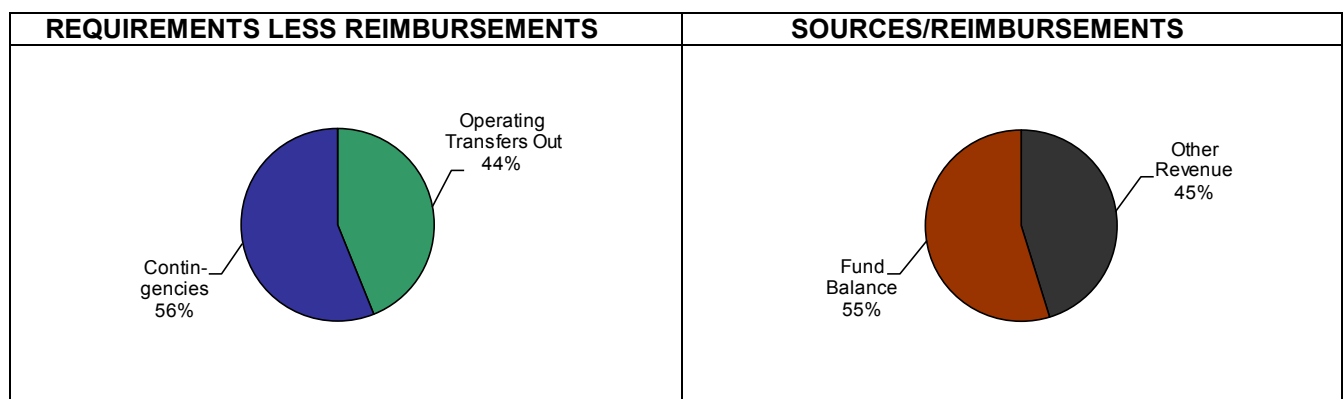
Budget at a Glance

Requirements Less Reimbursements*	\$38,732,453
Sources/Reimbursements	\$17,508,893
Fund Balance	\$21,223,560
Contribution to Fund Balance	\$508,893
Total Staff	0

*Includes Contingencies

A majority of the County's total proceeds are used each year to fund a portion of the Arrowhead Regional Medical Center (ARMC) debt.

2014-15 RECOMMENDED BUDGET



ANALYSIS OF 2014-15 RECOMMENDED BUDGET

GROUP: Human Services
DEPARTMENT: Health Administration
FUND: Master Settlement Agreement

BUDGET UNIT: RSM MSA
FUNCTION: Health and Sanitation
ACTIVITY: Hospital Care

	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Estimate	2013-14 Modified Budget	2014-15 Recommended Budget	Change From 2013-14 Modified Budget
Requirements							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	0	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0
Contingencies	0	0	0	0	21,858,857	21,732,453	(126,404)
Total Exp Authority	0	0	0	0	21,858,857	21,732,453	(126,404)
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	0	0	0	21,858,857	21,732,453	(126,404)
Operating Transfers Out	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	0
Total Requirements	17,000,000	17,000,000	17,000,000	17,000,000	38,858,857	38,732,453	(126,404)
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	17,812,890	18,134,168	27,322,460	17,768,723	18,404,020	17,508,893	(895,127)
Total Revenue	17,812,890	18,134,168	27,322,460	17,768,723	18,404,020	17,508,893	(895,127)
Operating Transfers In	0	3,146,181	0	0	0	0	0
Total Financing Sources	17,812,890	21,280,349	27,322,460	17,768,723	18,404,020	17,508,893	(895,127)
				Fund Balance	20,454,837	21,223,560	768,723
				Budgeted Staffing	0	0	0

MAJOR EXPENDITURES AND REVENUE IN 2014-15 RECOMMENDED BUDGET

Operating transfers out of \$17.0 million reflect a transfer to the general fund, which is then used to fund the Net County Cost within the Health Administration budget unit and to offset increased health care costs within the Department of Public Health. Health Administration uses that Net County Cost to fund the \$4.3 million realignment local match requirement for 1991 Health Realignment and \$10.7 million of net debt service lease payment for ARMC.

Other revenue of \$17.5 million reflects anticipated revenue from the major tobacco companies to the Master Settlement Agreement fund.

BUDGET CHANGES AND OPERATIONAL IMPACT

Sources from the Master Settlement Agreement have been budgeted conservatively to reflect a decrease of \$895,127. Revenues have remained stable over the past four years with the exception of approximately \$9.8 million of extraordinary revenue received in 2012-13 for a Non-Participating Manufacturers (NPM) Adjustment settlement payment.

STAFFING CHANGES AND OPERATIONAL IMPACT

There is no staffing associated with this budget unit.

